

## Conclusion

The economics of TRQ administration is clear if one considers only the allocative efficiency of the various methods of administration. The nondiscrimination interpretation of GATT Article XIII advanced in this report emphasizes allocative efficiency as the fundamental, normative principle of the WTO. The report places no weight on the distribution of TRQ rents. On this basis, market methods, such as auctioning quota rights, dominate all others. Historical allocation and discretionary methods are the least desirable. In the context of WTO negotiations and TRQ administra-

tion, distributional effects—who gets the rent—does matter and in the realpolitik of trade policy, may matter far more than allocative efficiency. The good news is that there is no necessary trade-off between allocative efficiency and rent distribution—the two are separable. Quota auctions are the most direct means of separation, but auctions are not the only means. By allowing the resale of allocated quota rights, market forces can match trading rights with inframarginal traders. Resale realizes most potential allocative efficiencies in product markets and eliminates most risks of trade discrimination.